

The Unemployment Tax Credit Program

The 1982 Kentucky General Assembly enacted KRS 141.065, which provides an Unemployment tax Credit against the income tax liability of Kentucky employers who hire qualified unemployed individuals.

Employers may claim a one hundred dollar credit for each eligible individual who has been certified by Office of Employment and Training unemployed for sixty days prior to being hired into full-time employment. Each individual must remain employed fulltime for 180 consecutive calendar days in the tax year in which the credit is claimed.

Credit may not be claimed if the following things apply:

- A taxpayer/employer receives federally funded payments for on-the-job- training
- Qualifies as a dependent of the tax payer/employment for federal and state income purposes
- Is a relative of the taxpayer/employer, or an individual who owns more than fifty percent of the outstanding stock corporation
- If the taxpayer/employer is an estate or trust, is a grantor, beneficiary, or fiduciary

Credit may be claimed for individuals who:

- Have been certified by the Office of Employment and Training unemployed for the sixty days prior to being hired into full-time employment
- And remains employed full-time for one hundred and eighty consecutive calendar days in the tax year in which the credit is claimed.

You are considered unemployed if:

- Prior to the sixty-day minimum unemployment payment period, the individual had prior labor market attachment
- During the sixty day minimum unemployment period prior to being hired, you were not working or were not employed more than twenty-three hours a week or was not employed more than one hundred hours per month and were actively seeking and readily available for full-time employment.

Involvement in a strike or labor dispute during the prior sixty days does not meet the definition of unemployment for the purposes of this program.

Full-Time Employment:

An individual is considered to be employed full-time, for the purposes of meeting the 180 day requirement (six months), if working more than twenty-three hours per week, or more than one hundred hours per month.

An individual is considered to have been employed full-time, if she or he worked more than 23 hours per week or more than 100 hours per month for at least one month prior to the 60-day, minimum unemployment period.

Applying:

The application asks for identifying information from the employer and employee. Other questions are related to the work history of the employee.

If a question does not apply, indicate by N/A (Non-Applicable). It is to your advantage to submit completed applications. Applications will be returned if not filled out completely and correctly. A review of both the employee and employer sections prior to submission will reduce unnecessary delays in the issuance of certifications.

Certificates:

The completed application is mailed to the State Tax Credit Unit, where it is evaluated. Upon approval, the employer is sent a numbered tax certificate, which is used to claim the one hundred dollar credit on State Revenue Cabinet Tax Schedule UTC. Amendment of state income taxes for refunds is subject to a statute of limitations of four years.

Partnerships, S corporation shareholders and beneficiaries of estates and trusts may take the credit up to ninety percent of their tax liability. Any excess may be carried back three years and forward fifteen. Individual proprietors and C corporations may take the credit up to 100 percent of their tax liability for the taxable year in which the credit is received with no carryover provisions.

**OFFICE OF EMPLOYMENT AND TRAINING
DEPARTMENT FOR WORKFORCE INVESTMENT
COMMONWEALTH OF KENTUCKY
Unemployment Tax Credit Program Application**

PART I (To be printed or typed by the employer) - **See employer information on reverse**

1. Employer Contact Person and Title:		
2. Employer or Firm Name and Address:		3. Employer Telephone Number:
7. Employee Name:		4. Federal Tax Number:
8. Social Security Number:		5. Ky. Tax Identification Number:
9. Hire Date (Month/Day/ Year):		6. Employer Tax Year (mm/dd/yy): From: To:

PART II (To be printed or typed by the employee) - **See employee information on reverse**

10. Employee Address: Street, City, State, Zip Code	
11. Employee Telephone Number:	12. Were you a resident of Kentucky on the hire date in block 9? Check one: <input type="checkbox"/> Yes <input type="checkbox"/> No

13. Employee Work History Please complete the following with any employment, full-time or part-time, you had prior to the hire date in block 9. If you had not worked before, please check this box. <input type="checkbox"/>		
13A. Most Recent Employer or Firm Name:	Check One: Part-time <input type="checkbox"/> Full-time <input type="checkbox"/>	Employed (Month/ Day/ Year) From: To:
Employer or Firm Address:	Employer Telephone Number: ()	Average Hours Worked: Per Week Per Month
13B. Next Most Recent Employer or Firm Name:	Check One: Part-time <input type="checkbox"/> Full-time <input type="checkbox"/>	Employed (Month/ Day/ Year) From: To:
Employer or Firm Address:	Employer Telephone Number: ()	Average Hours Worked: Per Week Per Month
If all of the above work history is part-time, and you have worked full-time before, please give details below.		
13C. Other Employer or Firm Name	Check One: Part-time <input type="checkbox"/> Full-time <input type="checkbox"/>	Employed (Month/ Day/ Year) From: To:
Employer Address:	Employer Telephone Number: ()	Average Hours Worked: Per Week Per Month
14. Were you actively seeking work or registered with the Unemployment Office during the 60 days prior to the hire date in block 9? (Check one) <input type="checkbox"/> Yes <input type="checkbox"/> No If no, state reason here		
15. Were you readily available to accept full-time employment during the 60 days prior to the hire date in block 9? (Check one) <input type="checkbox"/> Yes <input type="checkbox"/> No If no, state reason here		

Part III (Please read, sign and date this portion after completing PARTS I and II)

Employee Affirmation I hereby certify that the above statements are accurate and I understand that, if I knowingly submit false or inaccurate information, I may face prosecution, which could result in such penalties as prescribed by Kentucky Law. I authorize the Office of Employment and Training and the Kentucky Revenue Cabinet to verify any information stated in this application and to make any contacts or inquiries to verify my current or past employment status.

Employee Signature: _____ Date: _____

Employer Affirmation I hereby attest that the information on this application is true to the best of my knowledge and that I am accepting these statements in good faith from the above employee.

Employer Signature: _____ Date: _____

AGENCY USE ONLY
Date Rec'd:
Cert. No.:
Cert. Date:
Recon. Date:
TYE:
1. 60 Days
2. Seeking:
3. Availability:
4. LM:
5. Complete:
6. Ky. Res:
Decision:
Inquiry: _____

ADDITIONAL INFORMATION

EMPLOYER INFORMATION

KRS 141.065 (copy provided upon request) provides a \$100 Kentucky income tax credit to employers for hiring certain unemployed residents of Kentucky.

The individual must have prior labor market attachment (must have worked before) and must have been unemployed for at least 60 days immediately prior to the hire.

Involvement in a strike or labor dispute during the 60-day period does not meet the definition of unemployment for purposes of this program.

The individual must be a full-time employee for 180 consecutive days in the tax year the credit is claimed. A Full-Time Employee (for purposes of the 180-day requirement) is an individual working more than 23 hours per week or more than 100 hours per month.

Relatives, dependents and On-the-Job Training recipients are not eligible employees.

This application must be completed (PART I by the employer and PART II by the employee), signed (in PART III by the employer and the employee) and mailed to:

Office of Employment and Training
Attn.: Deborah Eccles, UTC
275 East Main Street (2-WA)
Frankfort, Kentucky 40621
502-782-3069

A numbered certificate, to be used in preparing Kentucky tax forms, will be issued to the employer 30 days from the date a completed application is received and approving information becomes available.

Notices will be issued for incomplete applications and for ineligibility.

Other unnecessary submissions may be avoided by checking for negative responses in blocks 12, 14 and 15 or a check in the “not worked before” box in block 13.

EMPLOYEE INFORMATION

Please complete PART II (blocks 10 through 15), and sign the Employee Affirmation portion of PART III.

If you had not worked before, check the box in block 13 and skip to block 14.

Full-time employment is more than, and part-time is less than, 23 hours per week or 100 hours per month.

OTHER INFORMATION

If you have questions or need additional information, contact or call the State Tax Credit Unit at (502) 782-3069.